

04 September 2020

MACROscope Lite

Time for upgrade

■ It's official: in 2Q20 Poland has entered its deepest recession since the early 90., with GDP falling almost 9% q/q (s.a.), a bit less than the EU average. That said, the plunge of economic activity in the worst stage of the pandemic-related lockdown proved to be smaller than earlier anticipated, and what is more, the most recent economic data have shown a surprisingly vigorous rebound right afterwards. Apparently, the most pessimistic scenarios failed to materialise and the letters L and U can be already scrapped from economists' alphabet describing the post-pandemic growth patterns. It seems that we have finally reached a turning point and after several months of downward forecasts revisions, now it is time for their upgrade. At the same time, some caution is still needed and we think it is too risky to extrapolate the impressive pace of revival from its early stage to the following months. First of all, part of the early rebound was simply due to realisation of postponed demand. Secondly, the governments' aid packages are expiring. Last but not least, the resurgence of Covid-19 infections in many countries and lagged labour market reaction may soon take a toll on consumer optimism and spending. Overall, we adjust our forecast towards slightly more positive, taking into account better starting point, but acknowledging also that the pace of improvement in economic activity may slow in the coming months.

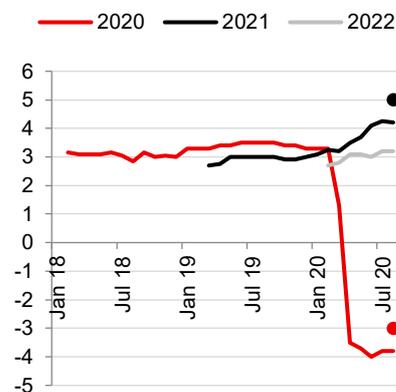
■ The growing evidence that the economy is getting back to life relatively quickly, while inflation is showing some persistence, caused that the financial market stopped mulling probability of negative interest rates in Poland and started thinking about their future normalisation. Some MPC members suggested the latter could start already in 2021 but they clearly remained in minority and the dominant view has not changed, in our opinion. We still think that the NBP interest rates will remain on hold until the end of the MPC's term of office (2022). What might have changed, however, or became clearer, it is that the central bank is not so keen to step in to the FX market and push the zloty towards weaker levels as we had thought before. But perhaps it does need to, as the economic scenario is apparently much less pessimistic than depicted by the last NBP predictions, while export started picking up nicely disregarding the lack of currency's large depreciation.

■ The government approved the 2020 budget amendment and draft 2021 budget. The planned deficits are large (GG balance at 12% of GDP this year and 6% next year) and so are the borrowing needs (>PLN100bn net each year). However, the lion's share of this year's debt issuance is already completed and taking into account the large structural overliquidity of the commercial banking sector, the existing QE programme, plus the sizeable FinMin's liquidity buffer (>PLN120bn), we do not feel that we should worry too much about government's difficulty with financing the gaps.

■ Despite robust Polish economic data and clearly supportive global market mood, the zloty failed to add gains. The fact that the zloty did not benefit from the general optimism suggested, in our view, that a profit taking could take place soon, and indeed it looks that the correction has already started. Volatility has declined significantly in August on the Polish FX market. This tends to be a cyclical phenomenon and periods of low volatility are typically followed by more pronounced swings that are negative for EM currencies like the zloty. Volatility, as measured by the 1M 25D risk reversal, is close to the levels that historically preceded spikes in EUR/PLN. We leave our forecasts unchanged and still assume that, after some correctional weakening, the Polish currency could resume its appreciation on the back of the positive global market mood. The EURPLN should not rise above 4.48 in the current correction wave, in our view.

■ The main event on the fixed income market was Jerome Powell announcing the Fed's revised monetary policy strategy. From now on, the US central bank will pursue 2% average inflation target but without an explicit timeframe or formula to calculate pace of prices change. The strategy change was interpreted as a clearly dovish shift allowing rates to stay low for longer since inflation deviations from 2% would be tolerated. It will be interesting to see if other big central banks (ECB, BoE for example) will follow the Fed in applying an even more dovish rhetoric (the next ECB meeting is scheduled for 10 September). If the economic recovery does not lose steam completely, the Fed's new monetary policy strategy is likely to result in steeper yield curves and we think this might have a some impact on the Polish yield curve as well.

Median forecasts of Poland's GDP growth according to Bloomberg survey



Dots represent current Santander forecasts
Source: Bloomberg, Santander

Recently released Economic Comments:

- [2021 Budget - Another year with high spending](#)
- [Lower inflation, lower PMI](#)
- [The GDP trough is behind](#)
- [2020 Budget: Amendment with a lot of space](#)
- [Retail sales up y/y, construction depressed](#)
- [Production kept growing in July](#)
- [Good labour data in sweet and sour sauce](#)

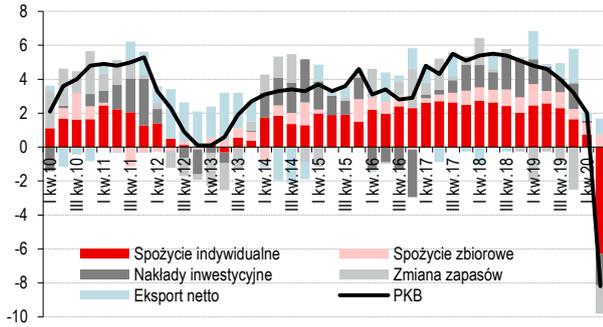
Economic Analysis Department:

al. Jana Pawła II 17, 00-854 Warszawa
email: ekonomia@santander.pl
website: santander.pl/en/economic-analysis
Maciej Reluga – Chief Economist

+48 22 534 18 88
Piotr Bielski +48 22 534 18 87
Marcin Luziński +48 22 534 18 85
Wojciech Mazurkiewicz +48 22 534 18 86
Grzegorz Ogonek +48 22 534 19 23
Marcin Sulewski, CFA +48 22 534 18 84

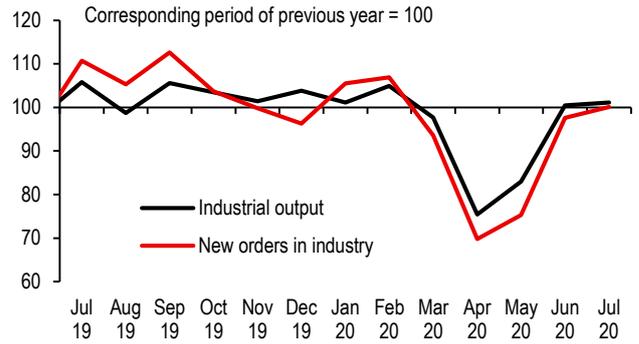
Economy in charts

In 2Q20 consumption and investment witnessed a deep slump, while net exports and public consumption turned out positive



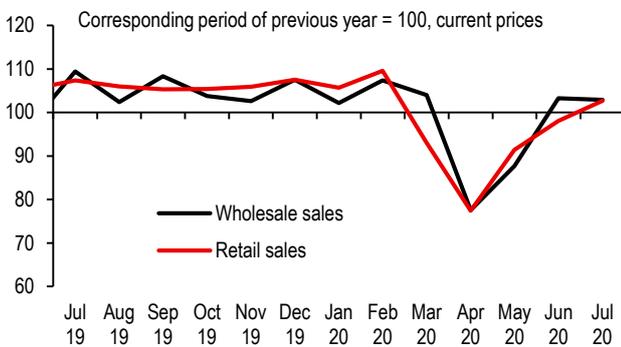
Source: GUS, Santander

At the start of 3Q20 the industry was back at its 2019 level...



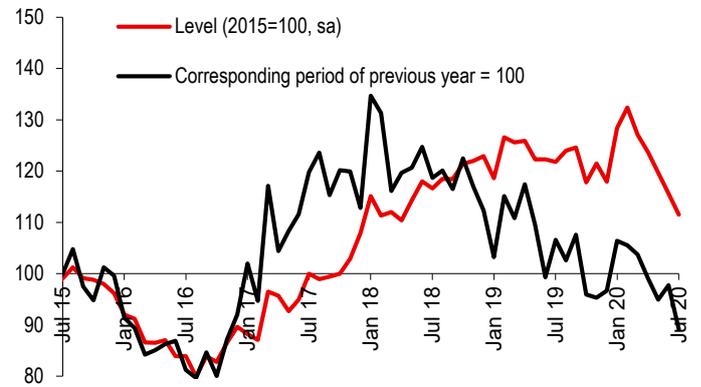
Source: GUS, Santander

... and so was trade ...



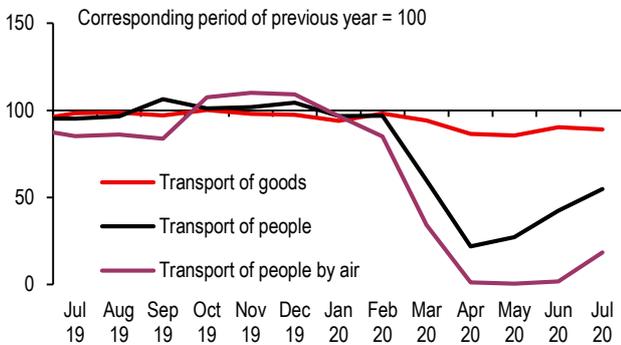
Source: GUS, Santander

... while situation in construction is deteriorating



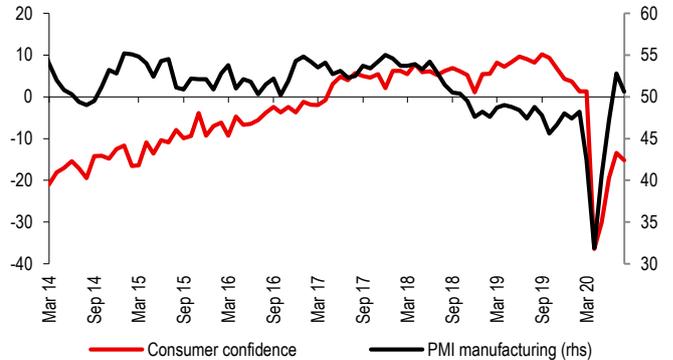
Source: GUS, Santander

... and transport is rebounding, yet slowly



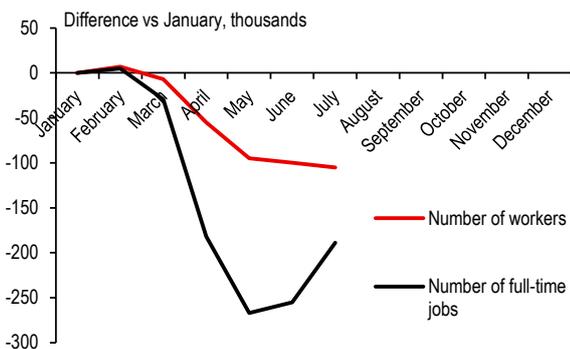
Source: GUS, Santander

Some confidence indicators needed to take a breath



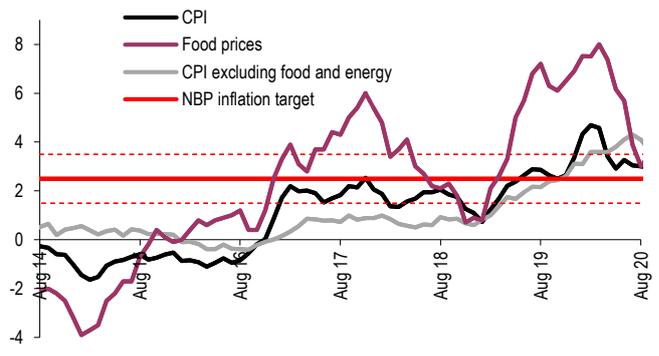
Source: GUS, Markit, Santander

Firms are returning to regular working hours, but also laying off



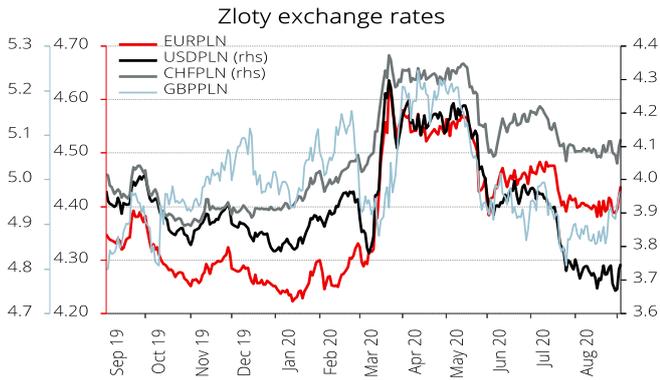
Source: GUS, Santander

Core inflation started to ease

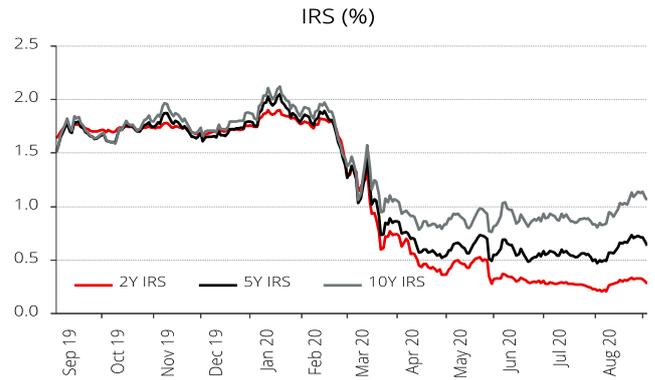


Source: GUS, NBP, Santander

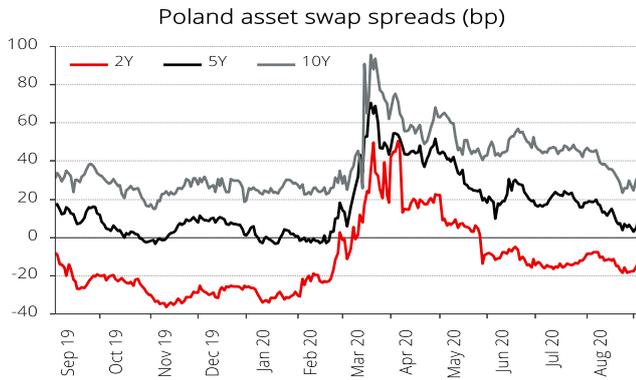
Markets in charts



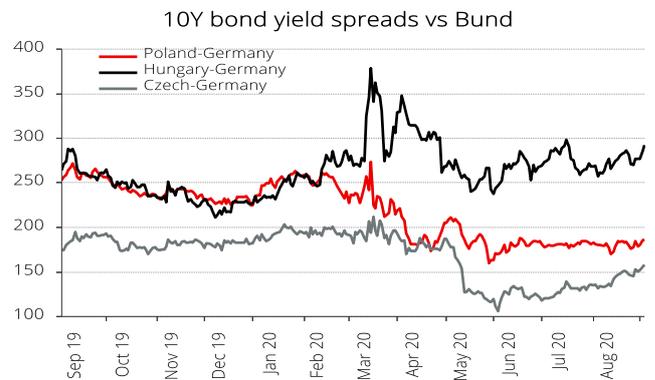
Source: Refinitiv Datastream, Santander Bank Polska



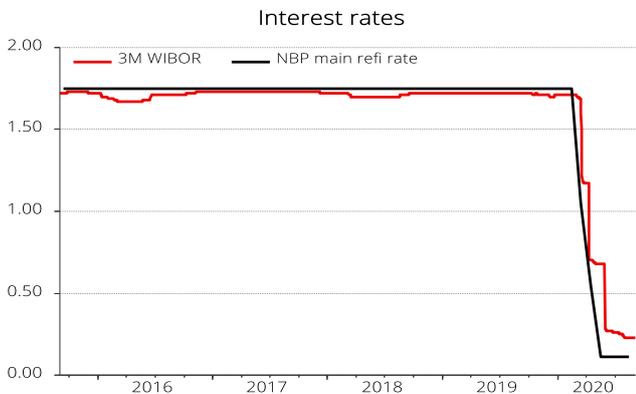
Source: Refinitiv Datastream, Santander Bank Polska



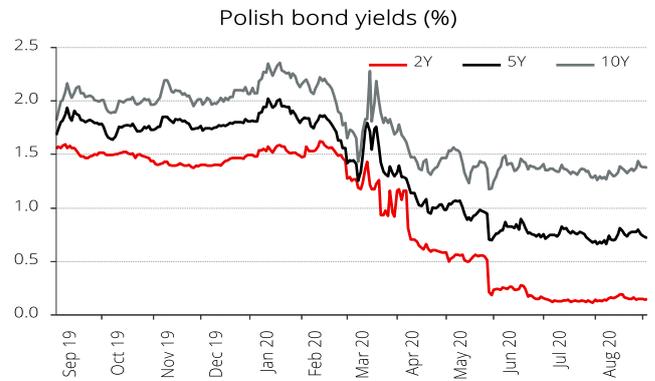
Source: Refinitiv Datastream, Santander Bank Polska



Source: Refinitiv Datastream, Santander Bank Polska



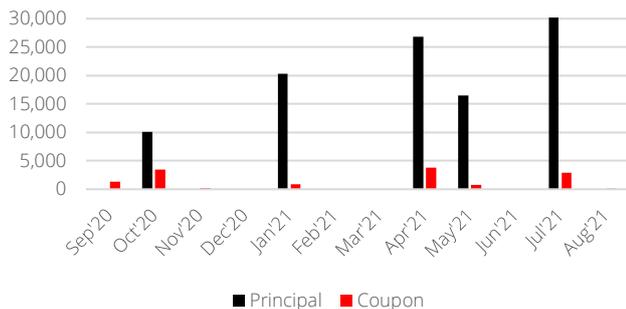
Source: Refinitiv Datastream, Santander Bank Polska



Source: Refinitiv Datastream, Santander Bank Polska

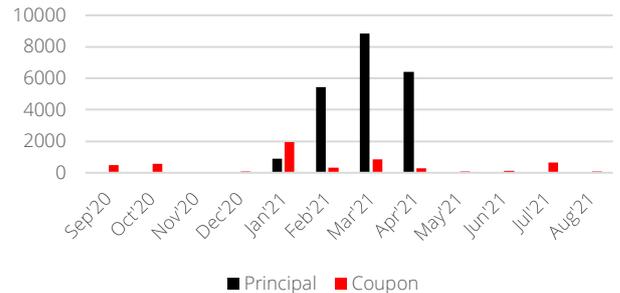
Principal and interest payments

PLN-denominated bond redemptions and interest payments, PLNm



Source: Ministry of Finance, Santander

FX denominated bond redemptions and interest payments, PLNm



Source: Ministry of Finance, Santander

Economic Calendar

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
		2 September US: Industrial orders (Jul) US: ADP report (Aug)	3 DE: PMI – services (Aug) EZ: PMI – services (Aug) EZ: Retail sales (Jul) US: ISM – services (Aug)	4 DE: Industrial orders (Jul) US: Non-farm payrolls (Aug) RU: CPI (Aug) CZ: Retail sales (Jul)
7 DE: Industrial output (Jul) CZ: Industrial output (Jul)	8 DE: Exports (Jul)	9 HU: CPI (Aug)	10 EZ: ECB decision CZ: CPI (Aug)	11 US: CPI (Aug)
14 PL: Balance of payments (Jul) EZ: Industrial output (Jul)	15 PL: MPC decision PL: CPI (Aug) DE: ZEW (Sep) US: Industrial output (Aug)	16 PL: Core CPI (Aug) US: Retail sales (Aug) US: FOMC decision	17 PL: Employment (Aug) PL: Wages (Aug) US: House starts (Aug) US: Philly Fed index (Sep)	18 PL: Industrial output (Aug) PL: PPI (Aug) US: Flash Michigan (Sep)
21 PL: Retail sales (Aug) PL: Construction and assembly output (Aug)	22 PL: Money supply M3 (Aug) HU: Central bank decision US: Home sales (Aug)	23 DE: Flash PMI – manufacturing (Sep) DE: Flash PMI – services (Sep) EZ: Flash PMI – manufacturing (Sep) EZ: Flash PMI – services (Sep) CZ: Central bank decision	24 DE: Ifo index (Sep) US: New home sales (Aug)	25 US: Durable goods orders (Aug)
28	29 US: Consumer sentiment (Sep)	30 EZ: Flash HICP (Sep) US: ADP report (Sep) US: GDP (Q2) US: Pending home sales (Aug)	1 October PL: Flash CPI (Sep) PL: PMI – manufacturing (Sep) EZ: PMI manufacturing (Sep) DE: PMI manufacturing (Sep) US: ISM manufacturing (Sep) CZ: PMI – manufacturing (Sep) US: Personal spending and revenues (Aug)	2 US: Non-farm payrolls (Aug) US: Michigan index (Sep)

Source: GUS, NBP, Ministry of Finance, Bloomberg

Calendar of MPC meetings and data releases for 2020

	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
ECB decision	23	-	12	30	-	4	16	-	10	29	-	10
Fed decision	29	-	18	29	-	10	29	-	16	-	5	16
MPC decision	8	5	4	8	28	16	8	-	15	7	4	2
MPC minutes	23	20	19	-	-	1, 18	16	27	-	9	6	4
Flash GDP*	-	14	-	-	15	-	-	14	-	-	13	-
GDP*	-	28	-	-	29	-	-	31	-	-	30	-
CPI	15	14	13	15	15	15	15	14	15	15	13	15
Core inflation	-	-	16	16	18	16	16	17	16	16	16	16
PPI	22	20	19	21	21	19	20	20	18	20	20	18
Industrial output	22	20	19	21	21	19	20	20	18	20	20	18
Retail sales	23	21	20	22	22	22	21	21	21	21	23	21
Gross wages, employment	21	19	18	20	20	18	17	19	17	19	19	17
Foreign trade	about 50 days after reported period											
Balance of payments*	-	-	31	-	-	30	-	-				
Balance of payments	13	13	16	14	14	15	14	13				
Money supply	24	24	23	23	25	23	22	24				

Source: GUS, NBP, Ministry of Finance, * quarterly data

Economic data and forecasts for Poland

Monthly economic indicators

		Aug 19	Sep 19	Oct 19	Nov 19	Dec 19	Jan 20	Feb 20	Mar 20	Apr 20	May 20	Jun 20	Jul 20	Aug 20	Sep 20
PMI	pts	48.8	47.8	45.6	46.7	48.0	47.4	48.2	42.4	31.9	40.6	47.2	52.8	50.6	51.2
Industrial production	% y/y	-1.5	5.6	3.7	1.4	3.8	1.1	4.8	-2.5	-24.6	-16.9	0.5	1.1	2.9	3.2
Construction production	% y/y	2.6	7.6	-4.1	-4.7	-3.3	6.4	5.5	3.7	-0.9	-5.1	-2.3	-10.9	-11.7	-12.6
Retail sales ^a	% y/y	6.0	5.3	5.4	5.9	7.5	5.7	9.6	-7.0	-22.6	-8.6	-1.9	2.7	2.4	3.5
Unemployment rate	%	5.2	5.1	5.0	5.1	5.2	5.5	5.5	5.4	5.8	6.0	6.1	6.1	6.2	6.4
Gross wages in corporate sector	% y/y	6.8	6.6	5.9	5.3	6.2	7.1	7.7	6.3	1.9	1.2	3.6	3.8	4.1	4.8
Employment in corporate sector	% y/y	2.6	2.6	2.5	2.6	2.6	1.1	1.1	0.3	-2.1	-3.2	-3.3	-2.3	-1.6	-1.2
Exports (€)	% y/y	-1.2	13.0	3.9	0.8	9.1	5.0	8.9	-5.7	-29.1	-19.3	3.0	2.3	3.0	4.4
Imports (€)	% y/y	-3.0	6.2	0.3	-3.5	-0.6	4.4	0.9	-3.5	-28.1	-27.4	-10.7	-7.6	-3.5	-0.1
Trade balance	EUR mn	-206	768	334	984	227	371	1,037	124	-48	1,389	2,666	1,642	919	1,664
Current account balance	EUR mn	-820	846	535	1,139	253	2,263	949	1,292	1,156	2,321	2,842	1,574	-557	801
Current account balance	% GDP	-0.6	-0.3	-0.1	0.1	0.4	0.4	0.8	1.0	1.2	1.7	2.3	2.7	2.8	2.8
Budget balance (cumulative)	PLN bn	-2.0	-1.8	-3.2	-1.9	-13.7	3.4	-3.3	-9.4	-18.9	-25.9	-17.1	-16.3	-19.9	-25.4
Budget balance (cumulative)	% of FY plan	6.9	6.3	11.2	6.6	47.9	-3.1	3.0	8.6	17.3	23.7	15.7	14.9	18.2	23.2
CPI	% y/y	2.9	2.6	2.5	2.6	3.4	4.3	4.7	4.6	3.4	2.9	3.3	3.0	2.9	2.9
CPI excluding food and energy	% y/y	2.2	2.4	2.4	2.6	3.1	3.1	3.6	3.6	3.6	3.8	4.1	4.3	4.1	3.7
PPI	% y/y	0.9	0.8	-0.3	-0.1	1.0	0.9	0.2	-0.3	-1.3	-1.7	-0.8	-0.6	-1.2	-1.8
Broad money (M3)	% y/y	9.9	9.4	9.3	9.4	8.3	9.3	9.4	11.8	14.0	16.0	18.1	16.8	16.2	15.6
Deposits	% y/y	9.9	9.9	9.4	9.5	8.5	9.7	9.7	10.6	12.1	14.1	15.8	14.4	13.5	12.8
Loans	% y/y	7.9	7.6	6.6	6.5	5.2	6.3	5.5	6.4	5.9	4.3	2.9	1.3	-0.9	-1.4
EUR/PLN	PLN	4.35	4.35	4.30	4.29	4.27	4.25	4.28	4.43	4.54	4.53	4.44	4.45	4.40	4.42
USD/PLN	PLN	3.91	3.95	3.89	3.88	3.84	3.83	3.92	4.01	4.18	4.16	3.94	3.88	3.72	3.76
CHF/PLN	PLN	3.98	3.99	3.92	3.91	3.91	3.95	4.02	4.19	4.31	4.28	4.15	4.15	4.09	4.09
Reference rate ^b	%	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.00	0.50	0.10	0.10	0.10	0.10	0.10
3M WIBOR	%	1.72	1.72	1.72	1.71	1.70	1.71	1.71	1.45	0.83	0.66	0.27	0.25	0.23	0.20
Yield on 2-year T-bonds	%	1.53	1.53	1.50	1.41	1.44	1.53	1.53	1.11	0.71	0.51	0.22	0.13	0.15	0.15
Yield on 5-year T-bonds	%	1.72	1.81	1.73	1.79	1.78	1.90	1.76	1.49	1.10	0.94	0.79	0.75	0.73	0.78
Yield on 10-year T-bonds	%	1.93	2.00	1.98	2.06	2.05	2.23	2.08	1.84	1.48	1.41	1.39	1.35	1.33	1.50

Note: ^a in nominal terms, ^b at the end of the period.

Source: GUS, NBP, Finance Ministry, Santander Bank Polska estimates.

Quarterly and annual economic indicators

		2018	2019	2020E	2021E	1Q20	2Q20	3Q20E	4Q20E	1Q21E	2Q21E	3Q21E	4Q21E
GDP	PLN bn	2,120.5	2,273.6	2,296.2	2,432.7	552.2	524.9	572.1	647.8	559.4	583.0	608.5	682.8
GDP	% y/y	5.3	4.1	-3.0	4.8	2.0	-8.2	-3.8	-1.8	0.1	10.7	5.5	3.5
Domestic demand	% y/y	5.6	3.0	-4.0	5.5	1.7	-9.5	-5.7	-2.2	-0.1	11.7	6.8	4.2
Private consumption	% y/y	4.2	3.9	-3.7	6.7	1.2	-10.9	-4.0	-1.0	1.0	15.1	7.2	4.5
Fixed investments	% y/y	9.4	7.2	-7.6	6.3	0.9	-10.9	-10.0	-8.0	-5.0	9.5	11.0	7.0
Industrial production	% y/y	5.9	4.2	-1.7	7.3	0.9	-13.6	2.4	3.4	1.7	22.9	3.3	3.8
Construction production	% y/y	19.7	3.6	-5.5	1.1	5.0	-2.8	-11.8	-7.8	-10.8	-4.0	5.3	9.2
Retail sales ^a	% y/y	7.8	6.7	-1.4	4.3	2.4	-11.0	2.9	0.4	2.8	9.0	2.7	2.7
Unemployment rate ^b	%	5.8	5.2	7.5	7.7	5.4	6.1	6.4	7.5	7.7	7.2	7.4	7.7
Gross wages in the national economy ^a	% y/y	7.2	7.2	5.0	4.6	7.7	3.8	4.4	4.3	3.3	6.4	4.2	4.6
Employment in the national economy	% y/y	2.6	2.2	-1.1	0.6	0.5	-2.3	-1.4	-1.2	-1.6	2.2	1.0	0.7
Exports (€)	% y/y	7.4	6.2	-1.5	11.2	2.4	-15.6	3.3	3.8	2.6	37.2	4.6	5.1
Imports (€)	% y/y	10.6	2.8	-5.9	13.1	0.5	-22.4	-3.7	1.8	3.7	42.5	7.6	5.3
Trade balance	EUR mn	-4,782	2,415	12,482	9,631	1,518	4,007	4,226	2,732	939	3,136	2,818	2,738
Current account balance	EUR mn	-5,046	2,179	12,549	-19	4,488	6,319	1,818	-76	874	-455	171	-610
Current account balance	% GDP	-1.0	0.4	2.4	0.0	1.0	2.3	2.8	2.4	1.7	0.4	0.1	0.0
General government balance	% GDP	-0.2	-0.7	-11.3	-6.0	-	-	-	-	-	-	-	-
CPI	% y/y	1.6	2.3	3.3	1.5	4.5	3.2	2.9	2.6	1.5	1.8	1.3	1.5
CPI ^b	% y/y	1.1	3.4	2.2	1.5	4.6	3.3	2.9	2.2	1.5	1.8	1.3	1.5
CPI excluding food and energy	% y/y	0.7	2.0	3.6	1.4	3.4	3.8	4.0	3.3	2.3	1.3	0.8	1.0
PPI	% y/y	2.2	1.2	-0.8	0.6	0.3	-1.3	-1.2	-1.1	-1.1	-0.1	-0.3	0.1
Broad money (M3) ^b	% y/y	9.2	8.3	15.0	6.7	8.3	18.1	15.6	13.9	12.1	10.3	8.5	6.7
Deposits ^b	% y/y	8.7	8.5	10.0	4.7	10.6	15.8	12.8	10.0	6.7	1.4	2.9	4.7
Loans ^b	% y/y	7.6	5.2	-1.8	4.7	6.4	2.9	-1.4	-1.8	-3.5	-0.6	3.2	4.7
EUR/PLN	PLN	4.26	4.30	4.41	4.32	4.32	4.50	4.42	4.40	4.35	4.33	4.30	4.30
USD/PLN	PLN	3.61	3.84	3.89	3.63	3.92	4.09	3.79	3.76	3.69	3.65	3.60	3.57
CHF/PLN	PLN	3.69	3.86	4.10	3.85	4.05	4.24	4.11	4.02	3.94	3.86	3.81	3.79
Reference rate ^b	%	1.50	1.50	0.10	0.10	1.00	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3M WIBOR	%	1.71	1.72	0.66	0.20	1.62	0.59	0.23	0.20	0.20	0.20	0.20	0.20
Yield on 2-year T-bonds	%	1.59	1.56	0.54	0.17	1.39	0.48	0.15	0.15	0.15	0.15	0.19	0.20
Yield on 5-year T-bonds	%	2.51	1.99	1.05	0.76	1.72	0.94	0.75	0.80	0.80	0.80	0.78	0.65
Yield on 10-year T-bonds	%	3.21	2.41	1.59	1.50	2.05	1.43	1.39	1.50	1.50	1.50	1.50	1.50

Note: ^a in nominal terms, ^b at the end of period. Source: GUS, NBP, Finance Ministry, Santander Bank Polska estimates.

This analysis is based on information available until 1.09.2020 has been prepared by:

ECONOMIC ANALYSIS DEPARTMENT

al. Jana Pawła II 17, 00-854 Warszawa (+48) 22 586 8340

Email: ekonomia@santander.pl Web site: <https://www.santander.pl/en/economic-analysis>

Maciej Reluga* – Chief Economist

tel. (+48) 22 534 1888. Email: maciej.reluga@santander.pl

Piotr Bielski*	– Director	(+48) 22 534 1887
Marcin Luzziński*	– Economist	(+48) 22 534 1885
Wojciech Mazurkiewicz*	– Economist	(+48) 22 534 1886
Grzegorz Ogonek*	– Economist	(+48) 22 534 1923
Marcin Sulewski, CFA*	– Economist	(+48) 22 534 1884



TREASURY SERVICES DEPARTMENT

Poznań

pl. Gen. W. Andersa 5
61-894 Poznań
tel. (+48) 61 856 58 14/30
fax (+48) 61 856 4456

Warszawa

al. Jana Pawła II 17
00-854 Warszawa
tel. (+48) 22 586 83 20/38
fax (+48) 22 586 8340

Wrocław

ul. Robotnicza 11
53-607 Wrocław
tel. (+48) 71 369 9400
fax (+48) 71 370 2622

IMPORTANT DISCLOSURES

This report has been prepared by **Santander Bank Polska S.A.** and is provided for information purposes only. **Santander Bank Polska S.A.** is registered in Poland and is authorised and regulated by The Polish Financial Supervision Authority.

This report is issued in Poland by **Santander Bank Polska S.A.**, in Spain by Banco Santander, S.A., under the supervision of the CNMV and in the United Kingdom by Banco Santander, S.A., London Branch ("Santander London"). Santander London is registered in the UK (with FRN 136261) and subject to limited regulation by the FCA and PRA. **Santander Bank Polska S.A.**, Banco Santander, S.A. and Santander London are members of Grupo Santander. A list of authorised legal entities within Grupo Santander is available upon request.

This material constitutes "investment research" for the purposes of the Markets in Financial Instruments Directive and as such contains an objective or independent explanation of the matters contained in the material. Any recommendations contained in this document must not be relied upon as investment advice based on the recipient's personal circumstances. The information and opinions contained in this report have been obtained from, or are based on, public sources believed to be reliable, but no representation or warranty, express or implied, is made that such information is accurate, complete or up to date and it should not be relied upon as such. Furthermore, this report does not constitute a prospectus or other offering document or an offer or solicitation to buy or sell any securities or other investment. Information and opinions contained in the report are published for the assistance of recipients, but are not to be relied upon as authoritative or taken in substitution for the exercise of judgement by any recipient, are subject to change without notice and not intended to provide the sole basis of any evaluation of the instruments discussed herein.

Any reference to past performance should not be taken as an indication of future performance. This report is for the use of intended recipients only and may not be reproduced (in whole or in part) or delivered or transmitted to any other person without the prior written consent of **Santander Bank Polska S.A.**

Investors should seek financial advice regarding the appropriateness of investing in financial instruments and implementing investment strategies discussed or recommended in this report and should understand that statements regarding future prospects may not be realised. Any decision to purchase or subscribe for securities in any offering must be based solely on existing public information on such security or the information in the prospectus or other offering document issued in connection with such offering, and not on this report.

The material in this research report is general information intended for recipients who understand the risks associated with investment. It does not take into account whether an investment, course of action, or associated risks are suitable for the recipient. Furthermore, this document is intended to be used by market professionals (eligible counterparties and professional clients but not retail clients). Retail clients must not rely on this document.

To the fullest extent permitted by law, no Santander Group company accepts any liability whatsoever (including in negligence) for any direct or consequential loss arising from any use of or reliance on material contained in this report. All estimates and opinions included in this report are made as of the date of this report. Unless otherwise indicated in this report there is no intention to update this report.

Santander Bank Polska S.A. and its legal affiliates may make a market in, or may, as principal or agent, buy or sell securities of the issuers mentioned in this report or derivatives thereon. **Santander Bank Polska S.A.** and its legal affiliates may have a financial interest in the issuers mentioned in this report, including a long or short position in their securities and/or options, futures or other derivative instruments based thereon, or vice versa.

Santander Bank Polska S.A. and its legal affiliates may receive or intend to seek compensation for investment banking services in the next three months from or in relation to an issuer mentioned in this report. Any issuer mentioned in this report may have been provided with sections of this report prior to its publication in order to verify its factual accuracy.

Santander Bank Polska S.A. and/or a company in the Santander Group is a market maker or a liquidity provider for EUR/PLN.

Santander Bank Polska S.A. and/or a company of the Santander Group has been lead or co-lead manager over the previous 12 months in a publicly disclosed offer of or on financial instruments issued by the Polish Ministry of Finance or Ministry of Treasury.

Santander Bank Polska S.A. and/or a company in the Santander Group expects to receive or intends to seek compensation for investment banking services from the Polish Ministry of Finance or Ministry of Treasury in the next three months.

ADDITIONAL INFORMATION

Santander Bank Polska S.A. or any of its affiliates, salespeople, traders and other professionals may provide oral or written market commentary or trading strategies to its clients that reflect opinions that are contrary to the opinions expressed herein. Furthermore, **Santander Bank Polska S.A.** or any of its affiliates' trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

No part of this report may be copied, conveyed, distributed or furnished to any person or entity in any country (or persons or entities in the same) in which its distribution is prohibited by law. Failure to comply with these restrictions may breach the laws of the relevant jurisdiction.

Investment research issued by **Santander Bank Polska S.A.** is prepared in accordance with the Santander Group policies for managing conflicts of interest. In relation to the production of investment research, **Santander Bank Polska S.A.** and its affiliates have internal rules of conduct that contain, among other things, procedures to prevent conflicts of interest including Chinese Walls and, where appropriate, establishing specific restrictions on research activity. Information concerning the management of conflicts of interest and the internal rules of conduct are available on request from **Santander Bank Polska S.A.**

COUNTRY & REGION SPECIFIC DISCLOSURES

Poland (PL): This publication has been prepared by **Santander Bank Polska S.A.** for information purposes only and it is not an offer or solicitation for the purchase or sale of any financial instrument. All reasonable care has been taken to ensure that the information contained herein is not untrue or misleading. But no representation is made as to its accuracy or completeness. No reliance should be placed on it and no liability is accepted for any loss arising from reliance on it. Information presented in the publication is not an investment advice. Resulting from the purchase or sale of financial instrument, additional costs, including taxes, that are not payable to or through **Santander Bank Polska S.A.**, can arise to the purchasing or selling party. Rates used for calculation can differ from market levels or can be inconsistent with financial calculation of any market participant. Conditions presented in the publication are subject to change. Examples presented in the publication is for information purposes only and shall be treated only as a base for further discussion.

U.K. and European Economic Area (EEA): Unless specified to the contrary, issued and approved for distribution in the U.K. and the EEA by Banco Santander, S.A. Investment research issued by Banco Santander, S.A. has been prepared in accordance with Grupo Santander's policies for managing conflicts of interest arising as a result of publication and distribution of investment research. Many European regulators require that a firm establish, implement and maintain such a policy. This report has been issued in the U.K. only to persons of a kind described in Article 19 (5), 38, 47 and 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (all such persons being referred to as "relevant persons"). This document must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is only regarded as being provided to professional investors (or equivalent) in their home jurisdiction.

© **Santander Bank Polska S.A.** 2020. All Rights Reserved.